



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 18, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **MANAGED CAREER SOLUTIONS, INC. CONTRACT REVIEW – A  
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT  
ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Managed Career Solutions, Inc. (MCS or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with MCS, a private for-profit organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. The types of services MCS provides include occupational skills training, job placement and career planning. MCS' office is located in the Fifth District.

MCS is compensated on a cost reimbursement basis and has a contract for \$144,940 for Fiscal Year (FY) 2008-09.

**Purpose/Methodology**

The purpose of the review was to determine whether MCS complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

### **Results of Review**

Generally, MCS provided the program services to eligible participants and met all the FY 2008-09 second quarter planned performance outcomes outlined in the County contract for the WIA Adult and Dislocated Programs. In addition, MCS' expenditures were allowable, accurately billed and supported by documentation as required.

However, MCS did not properly tag two (22%) of the nine items sampled with County property tags or mark invoices and other support documentation "paid," as required by the County contract. In addition, MCS did not comply with their own accounting policies and procedures.

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with MCS and CSS on February 25, 2009. In their attached response, MCS concurred with our findings and recommendations and is working with CSS to obtain the required property tags.

We thank MCS for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Department of Community and Senior Services  
Philip Starr, Psy.D., Executive Director, Managed Career Solutions, Inc.  
Joseph R. Saldana, Chairperson, Managed Career Solutions, Inc.  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
MANAGED CAREER SOLUTIONS, INC.  
FISCAL YEAR 2008-09**

**ELIGIBILITY**

**Objective**

Determine whether Managed Career Solutions, Inc. (MCS or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 20 (33%) (ten adults and ten dislocated workers) of the 61 participants that received services from July through October 2008 for documentation to confirm their eligibility for WIA services.

**Results**

All 20 participants met the eligibility requirements for the WIA programs.

**Recommendation**

None.

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 20 (33%) participants that received services from July through October 2008. We also interviewed four adults and seven dislocated workers.

**Results**

The eleven participants interviewed stated that the services they received met their expectations. In addition, MCS provided the services in accordance with the County contract and WIA guidelines.

**Recommendation**

None.

**PERFORMANCE OUTCOMES****Objective**

Determine whether MCS met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

**Verification**

We compared MCS' Fiscal Year (FY) 2008-09 actual performance outcomes for the second quarter to the planned performance outcomes outlined in the County contract.

**Results**

MCS met all the FY 2008-09 second quarter planned performance outcomes outlined in the County contract for the WIA Adult and Dislocated Worker Programs.

**Recommendation**

None.

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's August 2008 bank reconciliations.

**Results**

MCS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

**Recommendation**

None.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 12 non-payroll expenditure transactions billed by the Agency for July and August 2008, totaling \$5,074.

**Results**

MCS' expenditures were allowable, accurately billed and supported by documentation as required.

**Recommendation**

None.

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient administrative controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Generally, MCS maintained sufficient controls over its business operations. However, MCS did not comply with their internal policies and procedures. Specifically, MCS did not complete Request for Funding forms or obtain proper authorization to make purchases as required in their accounting policies and procedures manual.

In addition, MCS did not mark 10 (83%) of 12 invoices and other supporting documentation as "paid" as required by Part B, Section 2.1 of the Auditor-Controller Contract Accounting and Administration Handbook. Similar findings were also noted during prior years' monitoring reviews.

**Recommendations****MCS management:**

1. **Ensure that the Agency complies with its own accounting policies and procedures.**
2. **Ensure that invoices and other supporting documentation are marked "paid."**

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether MCS' fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment listing. In addition, we performed an inventory and reviewed the usage of nine items purchased with WIA funds, totaling \$8,157.

**Results**

MCS used the equipment purchased with WIA funds for the WIA programs, and the assets were safeguarded. However, MCS did not properly tag two (22%) of the nine items sampled with County property tags as required by Attachment XV, Section II.A.1 of the County Contract. In addition, the inventory listing identified a printer funded by another program.

**Recommendations****MCS management:**

3. **Ensure that all fixed assets and equipment are properly tagged with County property tags.**
4. **Ensure that the Agency's equipment inventory listing is complete and accurate.**

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether the Agency obtained criminal record clearances and verified employability for the employees assigned to the WIA programs.

**Verification**

We traced the payroll expenditures invoiced for six employees totaling \$5,838 for August 2008 to the Agency's payroll records and time reports. We also reviewed the personnel files for the six employees assigned to the WIA programs.

**Results**

MCS appropriately charged the payroll expenditures to the WIA programs. In addition, MCS obtained criminal record clearances and verified employability for the six employees assigned to the WIA programs.

**Recommendation**

None.

**COST ALLOCATION PLAN****Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Cost Allocation Plan and a sample of Agency expenditures incurred in July and August 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

MCS' Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

None.

**CLOSE-OUT REVIEW**

**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

**Verification**

We traced MCS' FY 2007-08 general ledgers to the Agency's final close-out invoices for FY 2007-08. We also reviewed a sample of expenditures incurred in June 2008.

**Results**

MCS' FY 2007-08 general ledgers reconciled to the Agency's final close-out invoices for FY 2007-08.

**Recommendation**

**None.**





Philip Starr, Psy.D., C.R.C., A.B.V.E.  
Esteban Magallanes, Psy.D., C.R.C., C.D.M.S.

March 9, 2009

Wendy L. Watanabe  
Auditor Controller  
County of Los Angeles  
Department of Auditor-Controller  
500 West Temple Street Room 525  
Los Angeles CA 90012-2706

This is to submit our response on the audit recommendations noted on the program, fiscal and administrative contract compliance review conducted for fiscal year 2008-09.

Recommendation No. 1

Ensure that the Agency complies with its own accounting policies and procedures.

As per our policies and procedures, Request for funding forms properly approved by the Program Director or by the Executive Director should be attached to all disbursements, with the exception of recurring costs. Other costs that are allocated to all programs of MCS (such as Monthly Parking of the Staff, Health Insurance) are categories as recurring costs. However, please note that Fiscal Director reviews all disbursements prior to final check signing of the officers; Executive Director reviews again all support documents upon signing of the check for final approval. Initial of the Executive Director on the vendor check stubs will evidence the procedures.

Recommendation No. 2

We will assigned clerical staff to stamp all paid invoices as "PAID" and make sure that we are in compliance with Part B, section 2.1 of the Auditor-Controller Contract Accounting and Administrative Handbook.


Recommendation No.3

As discussed on the exit conference of last years audit and this fiscal year audit, we have requested county property tags from Community And Senior Services to tag the property per our inventory list submitted. During the exit conferences, the representative of Community And Senior Services is assigned and agreed to follow up the request of issuance of additional county property tags for MCS. However, to date, we have not received the property tag. Please note, however, that we provided our internal property tag to identify the property at API.

Recommendation No. 4

A complete inventory list is provided Community And Senior Services and the Auditor Controller. The list includes all property being used at the API Mini Career Center – Alhambra including non county own property. This is includes equipment provided by MCS as leverage to the program. However, a revised lists to include only County funded property is attached

Should you need additional information please call us at 213.381.3110.



Tito Maturan  
Program Manager  
API Mini Career Center

Cc: Jackie Lynn Sakane  
Community And Senior Services

Managed Career Solutions  
Asian Pacific Islander Mini Career Center  
Property Inventory List

APPENDIX L

County Tag ID No.	Funding Source	Adult	Dislocated	Item Description	Serial No	Qty	Location	Acquisition Date	Acquisition Cost	Condition	Funding Source	Current Value
08937	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	9BGBM91	1	Resource Center API1	3/10/06	1,142.46	Very Good	WIA	
08945	WIA	50%	50%	NEC Monitor	3770544YA	1	Resource Center API1	3/10/06		Very Good	WIA	
08938	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	H8GBM91	1	Resource Center API2	3/10/06	1,142.46	Very Good	WIA	
08946	WIA	50%	50%	NEC Monitor	3770550YA	1	Resource Center API2	3/10/06		Very Good	WIA	
08939	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	5BGBM91	1	Resource Center API3	3/10/06	1,142.46	Very Good	WIA	
08947	WIA	50%	50%	NEC Monitor	3770541YA	1	Resource Center API3	3/10/06		Very Good	WIA	
08940	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	9CGMM91	1	Resource Center API4	3/10/06	1,142.46	Very Good	WIA	
08948	WIA	50%	50%	NEC Monitor	3770542YA	1	Resource Center API4	3/10/06		Very Good	WIA	
08941	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	5CGBM91	1	Resource Center API5	3/10/06	1,142.46	Very Good	WIA	
08949	WIA	50%	50%	NEC Monitor	3670570YA	1	Resource Center API5	3/10/06		Very Good	WIA	
08942	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	3LZBM91	1	Reception/Intake Staff	3/10/06	1,239.89	Very Good	WIA	
08950	WIA	50%	50%	DELL Monitor	64180-27U-00NJ	1	Reception/Intake Staff	3/10/06		Very Good	WIA	
08943	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	CKZBM91	1	Case Management Staff	3/10/06	1,239.89	Very Good	WIA	
08951	WIA	50%	50%	DELL Monitor	64180-27U-001k	1	Case Management Staff	3/10/06		Very Good	WIA	
08944	WIA	50%	50%	DELL Dimension E310 Pentium4 CPU	7LZBM91	1	Program Manager Office	3/10/06	1,239.89	Very Good	WIA	
08952	WIA	50%	50%	DELL Monitor	27U-0017	1	Program Manager Office	3/10/06		Very Good	WIA	
API E002	WIA	50%	50%	Lucent AVAYA Phone system	MCS E001	1	Program Manager Office	2/20/06	3,000.00	Very Good	WIA	
API E003-12	WIA	50%	50%	AVAYA phone equipment	MCS E002(-1 to 9)	9	Staff/Resource Center	2/20/06	2,250.00	Very Good	WIA	
API E013-14	WIA	50%	50%	D Link Switch	MCS E003	2	Program Manager Office	2/20/06	100.00	Very Good	WIA	
API E015-16	WIA	50%	50%	Ethernet Router	MCS E004	2	Program Manager Office	2/20/06	400.00	Very Good	WIA	
Lease	WIA	50%	50%	Toshiba Copier	CUE8450*9	1	Resource Room	Lease	Lease	Very Good	WIA	
API E017	WIA	50%	50%	Heavy Duty Paper Shredder	MCS E005	1	Resource Room	4/8/06	129.95	Very Good	WIA	
API E018	WIA	50%	50%	Apollo 3000 projector	MCS E006	1	Conference Training Room	4/8/06	189.99	Very Good	WIA	
API F001-05	WIA	50%	50%	Office Desk w/ 4 drawers	MCS F001 to 005	5	Staff Office	4/8/06	2,666.65	Very Good	WIA	
API F006-10	WIA	50%	50%	Executive Chairs	MCS F006 to 010	5	Staff Office	4/8/06	725.00	Very Good	WIA	
API F011-13	WIA	50%	50%	Phone Banks Table (24x36)	MCS F011 to 013	3	Phone boot	4/8/06	1,062.42	Very Good	WIA	
API F014-15	WIA	50%	50%	Dividers Panel	MCS F014 to 015	2	Phone boot	4/8/06	519.96	Very Good	WIA	
API F016-18	WIA	50%	50%	Swivel Chairs w/caster	MCS F016 to 018	3	Universal Access	4/8/06	284.85	Very Good	WIA	
API F019-21	WIA	50%	50%	Computer Table (24x48)	MCS F019 to 021	3	Universal Access	4/8/06	779.97	Very Good	WIA	
API F022-28	WIA	50%	50%	Swivel Chairs w/caster	MCS F022 to 028	7	Universal Access	4/8/06	1,819.86	Very Good	WIA	
API F029	WIA	50%	50%	Waiting Room chairs(2) with table	MCS F029	1	Universal Access	4/8/06	403.85	Very Good	WIA	
API F030-35	WIA	50%	50%	Conference/Training Tables (24 x 48)	MCS F030 to 037	6	Conference Training Room	4/8/06	1,559.94	Very Good	WIA	
API F036-47	WIA	50%	50%	Swivel Chairs w/caster	MCS F038 to 049	12	Conference Training Room	4/8/06	3,119.76	Very Good	WIA	
API F048	WIA	50%	50%	White Board	MCS F050	1	Conference Training Room	4/8/06	430.00	Very Good	WIA	
API F049-50	WIA	50%	50%	Typewriter Table	MCS F051 to 052	2	Conference Training Room	4/8/06	510.00	Very Good	WIA	
API F051	WIA	50%	50%	2 Doors storage cabinet	MCS F053	1	Case Management Staff	4/8/06	379.99	Very Good	WIA	
API F052	WIA	50%	50%	4 shelves steel bookshelves	MCS F054	1	Case Management Staff	4/8/06	198.00	Very Good	WIA	
API F053-55	WIA	50%	50%	4 drawers filing cabinet-Gray	MCS F055 to 057	3	Case Management Staff	leverage	leverage	Very Good	WIA	
API F056-57	WIA	50%	50%	4 drawers filing cabinet-Black	MCS F058 to 059	2	Case Management Staff	leverage	leverage	Very Good	WIA	
API F059-60	WIA	50%	50%	visitors swivel chairs	MCS F060 to 062	3	Case Management Staff	4/8/06	779.97	Very Good	WIA	
API F061-62	WIA	50%	50%	visitors chairs	MCS F063 to 064	2	Case Management Staff	4/8/06	519.98	Very Good	WIA	